

CLAIMS

What is claimed and desired to be secured by Letters Patent is as follows:

1. A method for enabling a financial service provider to manage a financial security comprising the steps of:

5 offering a financial security to at least one investor, wherein said financial service provider charges a periodic fee to said investors for managing said financial security; declaring a periodic dividend for said financial security; and subtracting said periodic fee from said periodic dividend.

10 2. The method of claim 1, wherein said periodic dividend is at least as large as a maximum periodic fee charged by said financial service provider.

15 3. The method of claim 2, further including the step of reinvesting any remaining periodic dividend back into said financial security.

4. The method of claim 1, wherein said financial security is comprised of individual units, each unit having an equal value and said dividend is declared on a per unit basis.

15 5. The method of claim 1, wherein said financial security is a variable annuity.

6. A method of managing a financial security for a plurality of investors comprising the steps of:

determining a record date value of the financial security at an end of a predetermined period;

5 declaring a dividend of a predetermined amount based upon the record date value;

determining a pre-dividend value of the financial security on a dividend pay date;

calculating a pay date value of the financial security by subtracting said dividend from said pre-dividend value;

subtracting a fee from said dividend on the pay date; and

10 reinvesting any remaining dividend into said financial security at said pay date value.

7. The method of claim 6, wherein said financial security is comprised of individual units each having an equal value and said record date value is the value of each individual unit of said financial security.

15 8. The method of claim 6, wherein said financial security includes at least one optional benefit and said fee is charged to each investor based upon the optional benefits selected by the individual investor.

9. The method of claim 8, wherein said dividend is larger than said fee.

20 10. The method of claim 6, wherein said record date and said pay date are two consecutive days toward the end of the month.

11. A method for enabling a financial service provider to provide optional benefits to investors of a financial security, said method comprising the steps of:

offering one or more units of a financial security with at least one optional benefit;

determining a cost for each optional benefit per unit of the financial security;
enabling investors of said financial security to select or choose not to select at least one optional benefit;

choosing a dividend amount per unit of the financial security that is at least as large as a maximum potential cost for said optional benefits;

declaring said dividend amount per unit; and

subtracting the cost of any selected optional benefits from an account of the investor.

12. The method of claim 11, further including the step of calculating a pay date unit value of the financial security by subtracting the declared dividend from a pre-dividend unit value.

13. The method of claim 12, wherein said method further includes the step of reinvesting any remaining dividend back into said account at said pay date unit value.

14. A method of managing a variable annuity, wherein the variable annuity comprises a plurality of units each having an identical price and each unit being owned by at least one investor, said method comprising the steps of:

offering a variable annuity with a plurality of optional benefits to the investor;

determining an option fee per annuity unit for each optional benefit and combination of optional benefits;

enabling the investor to select whether to include any of said plurality of optional benefits;

choosing a dividend amount per annuity unit that is at least as large as the maximum potential amount of said option fee for said optional benefits;

declaring said dividend amount;

subtracting said option fee for any selected optional benefits from said dividend amount; and

reinvesting any remaining dividend back into said variable annuity.

15. The method of claim 14, wherein said optional benefits are selected from the group consisting of various death benefits, waiver of expense charges, guaranteed income, and/or waiver of contingent deferred sale charge.

16. A method of accounting for the payment of management fees associated with managing a financial security product, wherein the financial security product includes one or more optional benefits that may be selected by an investor, and the management fees vary depending upon the optional benefits, if any, selected, said method comprising:

5 assessing a pre-dividend unit price for the financial security, wherein each unit is of equal value;

declaring a dividend amount for each unit of the financial security;

subtracting at least a portion of the fee associated with managing the financial security from the dividend amount to result in a dividend remainder;

10 establishing a new unit price for the financial security by subtracting the dividend amount from the pre-dividend unit price; and

reinvesting the dividend remainder by purchasing additional units of the financial security at the new unit price.

15 17. A method in accordance with Claim 16, wherein said financial security product is selected from the group consisting of a variable annuity and/or a mutual fund.

18. A method in accordance with Claim 16, wherein said subtracting step comprises subtracting an option fee associated with the optional benefits selected by the investor.

19. A method in accordance with Claim 18, wherein a specific benefit fee is assigned to each optional benefit selected by an investor, and the option fee is the total amount of the
20 benefit fees associated with the optional benefits selected by the investor.

20. A financial security product comprising, one or more financial security units wherein at least a portion of the fee charged in association with management of the financial security is deducted from a dividend periodically declared for each financial security unit.

